



**Director of
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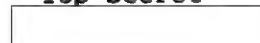
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ISRAEL-LEBANON: New Cease-Fire

(Information as of 2330 EDT)

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//Israel agreed yesterday to a cease-fire following several hours of intensive air and artillery attacks. Lebanese negotiators have suspended talks with Ambassador Habib.//

//Israeli fighter aircraft bombed and strafed West and southwest Beirut nearly continuously for more than 10 hours before the start of the cease-fire, while Israeli naval guns, tanks, and artillery blanketed large areas of the city with fire. According to an Israeli military spokesman, units near the Hippodrome expanded their area of control to eliminate harassing fire.

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Defense Minister Sharon has said that the reinforcements around Juniyah are to prevent anyone from moving into Lebanon without Israeli consent. Establishing a military presence farther north on the coast and in the Al Matn area would improve Israel's ability to put pressure on Syria to remove its forces from Lebanon and to evict the remaining Palestinian enclaves in the north.//

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Habib Mission

Lebanese negotiators suspended talks in the wake of the Israeli attacks yesterday. [REDACTED]

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Comment: //The continuing Israeli attacks are eroding Habib's credibility with the Lebanese Muslims.

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Israeli Cabinet Meeting

According to press accounts, the cabinet decision to announce a cease-fire came after a meeting at which several ministers repeated charges that Defense Minister Sharon had acted without proper authority in ordering the air attacks. [REDACTED]

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EGYPT-US: Strains in Relations

//Egypt's ties with the US have been subjected to new strains because of events in Lebanon, but Egyptian officials remain anxious to avoid a serious breach with Washington.// [redacted]

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The US Embassy reports Egyptian confidence in US intentions and good faith has eroded considerably over the past two months. Even ordinarily pro-American Egyptians are expressing disappointment and anger over the US response to Israel's actions in Lebanon. [redacted]

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//President Mubarak, partly because of such sentiments in Egypt and elsewhere in the Arab world, has felt compelled to put some distance between himself and the US. Among other moves, he has allowed extensive criticism of the US in the media and refused US requests that Egypt accept a contingent of Palestinians from Lebanon.// [redacted]

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Comment: //Depending on the course of events in Lebanon, this climate is likely to reduce the closeness of bilateral relations in the months ahead. Mubarak, for example, probably will be less willing to cooperate openly on strategic regional issues.// [redacted]

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//Mubarak also will push for US efforts to arrange an early Israeli withdrawal from Lebanon. He probably will continue to insist that Washington make some significant gesture to revitalize the peace process, and Egypt may consult more actively with other states about new approaches to the Palestinian autonomy negotiations.// [redacted]

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//Nonetheless, Mubarak clearly hopes to maintain the basic elements of the US-Egyptian relationship. Continued US economic aid is particularly vital for Mubarak at a time when he is coming under increasing domestic criticism for his lack of firm action toward economic problems.// [redacted]

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//The President still believes the US can play an important regional security role. He probably remains convinced only the US can put effective pressure on Israel on Palestinian issues.// [redacted]

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LIBYA-CHAD: Growing Interference

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Libyan-backed factions are intensifying efforts to prevent President Habre from achieving a national reconciliation.

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[redacted] Habre's forces have repelled small attacks in east-central Chad by members of a pro-Libyan faction that had been allied with former President Goukouni. No fighting had been reported in this area since Habre's takeover last June. [redacted]

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[redacted]

According to press reports, southern anti-Kamougue forces claim to have occupied the city of Bongor in a continuation of factional fighting that resumed earlier this month. Kamougue, Achiek, and Habre are said to be in Gabon for exploratory talks arranged by France and Gabon. [redacted]

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Comment: Libya will continue to stir factional unrest wherever possible in Chad. While Libyan-aided factions cannot defeat Habre militarily, they can keep the regime off balance and at least hinder Habre's efforts to achieve a peaceful reconciliation. [redacted]

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CHINA-USSR: Middle Level Official Visits Moscow

The reported visit to Moscow by a Chinese Foreign Ministry official suggests Beijing intends to keep hinting at flexibility in its approach to the Soviets in order to influence perceptions in the US. []

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Indian diplomats in Beijing state Yu Hongliang, the Director of Soviet Affairs, is in Moscow, where he is expected to hold discussions with his Soviet counterparts. He is said to be visiting at the invitation of the Chinese Ambassador. East German diplomats in Beijing also have told the Indians that Mikhail Kapitsa, the senior Soviet official responsible for Chinese affairs, suggested such a visit during his stay in Beijing earlier this year. []

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Comment: Yu would be the first Chinese of this rank to visit Moscow since 1979. China has periodically reviewed its relations with the USSR while negotiating with the US on Taiwan, and Yu may have traveled to Moscow to inform Chinese officials there about decisions reached at high-level party meetings in Beijing last week. []

If Yu has substantive discussions with the Soviets, the trip would add a political dimension to Beijing's continuing effort to reduce bilateral tensions by expanding trade, educational, and other contacts. []

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The Soviets almost certainly would interpret Yu's visit as a new sign of Beijing's interest in a political dialogue. They probably would offer to expand bilateral contacts and might hint at concessions on the border dispute. The Soviet attache in Beijing, for example, recently told the US defense attache that Moscow would accept the main channel as the border on the Ussuri and Amur Rivers--apparently without restating its usual reservation that the USSR has to retain possession of Heixiazi Island, opposite Khabarovsk. []

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SPAIN: Election Preparations

The Socialists now are in the lead as political parties prepare for a national election. [redacted]

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The election was to occur by next spring, but it could be held as early as this fall. Press reports indicate the Socialists will present parliament with controversial legislative proposals this fall in order to divide and topple the Center Democratic government and precipitate an early election. A Socialist spokesman has already announced his party will campaign for fuller employment, economic recovery, expanded citizen rights, and administrative reform. [redacted]

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Leaders of the rapidly ascending Popular Alliance have said they will campaign on the difference between their program of incentives for the private sector and the Socialists' reliance on the public sector. The new Central Democratic leadership is trying to stave off an early election to gain time to present a united front to the electorate after several months of intense intraparty conflict. Both right-of-center parties are pondering an electoral alliance with each other as well as with the three new center and conservative parties launched in recent weeks. [redacted]

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Comment: //The Socialists want to force elections this fall before their momentum dissipates. The centrist and conservative parties and the Communists all have reasons for delaying elections, however, and will strive to overcome their serious policy differences in order to keep parliament in session through the fall.// [redacted]

With a big lead in the polls and a nervous eye on the military, the Socialists are taking the high road with their moderate platform. The right-of-center parties, which are resigned to a possible leftist victory and aware strident rhetoric could be counterproductive, also are planning to avoid highly emotional or confrontational campaigns. That stance could change, however, if elections are delayed until the next year and the Socialists begin to lose their lead. [redacted]

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CUBA-GRENADA: Airport Construction Project

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//Cuba is accelerating construction of the new airport on Grenada, according to a US official who visited the island in mid-July.

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SPECIAL ANALYSIS

POLAND: Prospects for Renewed Unrest

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The next two weeks will be a volatile period in Poland. Discontent has increased, Solidarity has called for renewed opposition, and important religious celebrations will attract large crowds. Although demonstrations are not likely to be widespread, sporadic unrest could lead to serious clashes with the police. Some protests could occur as early as today, which marks eight months of martial law,

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The regime will use whatever force is necessary to keep the situation under control.

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Militancy seems to be on the rise. Frustrations have been building over steadily declining living standards and tight martial law restrictions. The regime's failure to relax martial law restrictions significantly or to allow the papal visit in August has heightened discontent.

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Solidarity activists and apparently some rank-and-file adherents are angry over the regime's refusal to allow Solidarity any role. Union sources claim sentiment for protest actions is strong throughout the country.

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Solidarity and the Church

The underground leadership of Solidarity has called for two weeks of peaceful protests culminating in a large demonstration on 31 August to commemorate the second anniversary of the union's founding.

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the leaders want to prove the union is still a political force to be reckoned with while restraining the militancy they see in the factories. They reluctantly called for the demonstrations to maintain their credibility with workers.

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Solidarity's move to renew protest activity reverses its decision in July to suspend agitation in the hope that the regime would relax martial law and allow the

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Pope to visit this month. Union leaders also realized many workers had been intimidated by the regime's harsh measures following earlier protests. [redacted]

[redacted]

Leaders of the Catholic Church are concerned about the possibility of violence but have not hesitated to blame the regime publicly for the delay of the papal visit. They are going ahead with the traditional pilgrimage to the southern city of Czestochowa and with the celebration of the 600th anniversary of Poland's most sacred icon. Both events will draw large crowds--including large numbers of young people--full of nationalist fervor. [redacted]

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The Church seems likely to keep criticism of the government within bounds and control the large crowds. On the other hand, there almost certainly will be some outbursts against martial law. [redacted]

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The Regime's Strategy

Premier Jaruzelski seems satisfied with the superficial calm he has imposed through intimidation but remains concerned over Solidarity's potential power. In making only token concessions last month, however, he may have misjudged the popular mood and failed to grasp the extent to which expectations were raised by the Church and by moderates in the regime as they urged more conciliatory policies. [redacted]

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The government continues to portray the union's leaders as a small group of militants with little support and has contemptuously dismissed the union's calls on the population to oppose the regime. The recent crack-down on Solidarity activists involved in printing leaflets and newspapers, however, indicates a new sense of apprehension in the government. More such actions are likely to thwart union militants and to intimidate would-be demonstrators. [redacted]

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Jaruzelski will not hesitate to use force to counter protests. The authorities recently have been circumspect when faced with demonstrations and probably will not interfere directly with the religious observances. [REDACTED]

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The government will respond if provoked or if demonstrations appear to be escalating. The riot police could overreact and turn peaceful demonstrations into violent clashes--as they have in the past. [REDACTED]

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Outlook

Widespread unrest seems unlikely, but there could be enough incidents to prompt strong repressive measures.

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[REDACTED]

Jaruzelski remains committed to a lengthy period of stringent military rule. A new round of disorders would make the regime more uneasy and would prompt it to place an even higher priority on coercion, further widening the gap between the government and the people. Jaruzelski believes, nevertheless, that time is on his side and that he can eventually wear down resistance. [REDACTED]

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